

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
FEAE-00 OMB-01 OES-06 EPA-01 ERDA-05 DOTE-00
XMB-02 OPIC-03 /116 W
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R 211559Z MAR 77

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 1120

INFO AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

AMEMBASSY STOCKHOLM

AMEMBASSY MADRID

AMEMBASSY ATHENS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

C O N F I D E N T I A L SECTION 1 OF 2 VIENNA 2204

EO 11652: GDS

TAGS: ECIN, EFTA

SUBJ:AUSTRIA PREPARES FOR SUMMIT OF EFTA STATES

1. SUMMARY. AFTER CONSIDERABLE GOA EFFORT PLANS
FOR A MAY 13 VIENNA SUMMIT OF EFTA MEMBER COUNTRIES
ARE BEGINNING TO FIRM UP. EARLIER RESERVATIONS FROM
SWITZERLAND AND FINLAND APPEAR TO HAVE BEEN OVERCOME
THROUGH A TWO-STAGE FORMULA UNDER WHICH THE FORMAL
MEETING WILL CONFINE ITSELF TO DISCUSSION OF ISSUES
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DIRECTLY RELATED TO EUROPEAN ECONOMIC INTEGRATION.
THE EVENING, HOWEVER, WILL BE DEVOTED TO AN INFORMAL,
UNSTRUCTURED DISCUSSION AMONG THE
PRINCIPALS WHERE ONE TOPIC SEEMS CERTAIN TO BE
THE LONDON ECONOMIC SUMMIT WHICH WILL RECENTLY
HAVE ENDED. IF PROSPECTS FOR CONCRETE AND EARLY
RESULTS SEEM SLIM, THE EFTA SUMMIT PER SE SHOULD EASE

SOMEWHAT AUSTRIA'S DISCOMFORT (PROBABLY SHARED BY OTHERS) AT BEING ISOLVATED IN A EUROPE DOMINATED BY THE EC, AND ITS FRUSTRATION IN TRYING TO PROTECT ITS TRADE INTERESTS WITH THE EC. END SUMMARY.

2. ON FRIDAY MAY 13 THE GOA WILL HOST A SUMMIT CONFERENCE OF EFTA MEMBER STATES IN VIENNA. ALTHOUGH THE PARTICPANTS WILL BE THE SAME THIS WILL NOT TECHNICALLY BE AN EFTA MEETING, PRIMIARILY BECAUSE ITS SCOPE IS EXPECTED TO EXTEND WELL BEYOND THE PURVIEW OF THE EFTA AGREEMENTS. IN A RECENT CONVERSATION, GOA CONFERENCE COORDINATOR, AMBASSADOR REISCH, DESCRIBED THE STATE OF PLAY AS FOLLOWS.

3. PURPOSE. THE EFTA SUMMIT, AS IT IS EVOLVING, IS DESIGNED TO ACCOMPLISH A NUMBER OF OBJECTIVES: (A) TO TAKE STOCK OF THE CURRENT STATE OF EUROPEAN INTEGRATION AND SEEK WAYS TO CONTINUE THAT PROCESS-- WITH EFTA, WITH TH EC, AND WITH OTHER EUROPEAN COUNTRIES--SINCE THE TARIFF ROUTE WILL BE EXHAUSTED WHEN THE LAST DUTIES ON INDUSTRIAL PRODUCTS TRADED BETWEEN EFTA AND EC COUNTRIES ARE ELIMINATED ON JULY 1, (B) TO INDICATE TO THE EC THAT INTEGRATION BETWEEN THE GROUPS IS FAR FROM COMPLETE AND THAT EC POLICIES IN SOME CASES (E.G. AGRICULTURE FOR AUSTRIA) POSE REAL PROBLEMS FOR THE EFTA COUNTRIES; (C) TO DEMONSTRATE TO THIRD COUNTRIES (ESPECIALLY THE US, JAPAN AND CANADA) THAT EFTA "IS STILL KICKING" AND THAT THE EC DOES
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NOT REPRESENT EUROPE; AND (D) TO TRY TO WORK OUT THE BASES FOR AGREEMENTS WITH THE MEDITERRANEAN COUNTRIES (ESPECIALLY SPAIN AND GREECE) THAT WOULD PROTECT EFTA COUNTRY EXPORTS TO THOSE COUNTRIES AS THEY MOVE CLOSER TO EC MEMBERSHIP. REISCH ADMITTED THAT THE DIFFERENT EFTA MEMBERS ASSIGN DIFFERENT PROPRIETIES TO THESE OBJECTIVES, AND ALSO HAVE PET TOPICS OF THEIR OWN (E.G. THE NORDICS ARE INTERESTED IN DOMESTIC ECONOMIC POLICY COORDINATION, AND NORTH-SOUTH RELATIONS). HE INDICATED, HOWEVER, THAT THERE WAS GENERAL AGREEMENT ON THE POINTS CITED.

3. PREPARATIONS. SINCE CHANCELLOR KREISKY FIRST FLOATED THE IDEA OF AN EFTA SUMMIT LAST SUMMER, THE GOA HAS DEVOTED A GREAT DEAL OF EFFORT TO BRINGING IT OFF. THE FINAL DECISION TO PROCEED WAS TAKEN IN LISBON IN NOVEMBER AT AN INFORMAL MEETING OF MINISTERS PRIOR TO THE EFTA MINISTERIAL. THE VIENNA SUMMIT RECEIVED MENTION IN THE COMMUNI-

QUE CONCLUDING THE STOCKHOLM MEETING OF THE EFTA
CONSULTATIVE COMMITTEE IN FEBRUARY (STOCKHOLM 0752).
IT HAS BEEN DISCUSSED IN SUBSEQUENT MEETINGS AT THE
TOP LEVEL (E.G. NORWEIGIAN PRIME MINISTER NORDLI'S
RECENT STATE VISIT TO AUSTRIA) AND IN NUMEROUS LOWER
LEVEL SESSIONS. INITIALLY, KREISKY'S SUMMIT
IDEA WAS LESS THAN ENTHUSIASTICALLY RECVENED IN
SOME QUARTERS. THE SWISS OBJECTED TO ITS UNSTRUCTURED
NATURE AND INSISTED ON A CAREFUL AND SYSTEMATIC
STUDY OF THE PARTS BEFORE COMMITTING THEMSELVES TO
THE WHOLE. THE FINNS REPORTEDLY FEARED BEING DRAGGED
INTO A DISCUSSION OF POLITICAL ISSUES THT COULD
COMPLICATE THEIR RELATIONS WITH THE SOVIETS. THE
EUROPEAN COMMUNITY WAS SCEPTICAL. WHILE WE DOUBT
THAT ALL OTHER EFTA COUNTRIES MATCH THE GOA'S
ENTHUSIASM EVEN NOW, THE EVOLUTION OF A CAREFULLY
BALANCED FORMAT AND CERTAIN GROUND RULES APPEARS
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TO HAVE MUTED EARLIER OBJECTIONS AND AT LEAST GOTTEN
THE OTHERS TO GO ALONG.

4. FORMAT. TO OVERCOME THE OBJECTIONS NOTED THE
ONE-DAY SUMMIT WILL DIVIDE INTO TWO PARTS: THE FORMAL
MEETING OF CHIEFS OF STATE AND THEIR DELEGATIONS
DURING THE DAY FOLLOWING AN AGREED AGENDA OF

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USMISSION OECD PARIS
USMISSION GENEVA

C O N F I D E N T I A L SECTION 2 OF 2 VIENNA 2204

ITEMS DIRECTLY RELATED TO ECONOMIC INTEGRATION; AND
A "NO HOLDS BARRED" INFORMAL EVENING SESSION OF
THE PRINCIPALS AND THEIR FOREIGN MINISTERS ONLY.
SOCIAL REQUIREMENTS (AND THE INEVITABLE OPERA) ARE
TO BE TAKEN CARE OF THE NIGHT BEFORE WHEN DELEGATIONS
ARRIVE, AND IN SOME CASES THROUGH EXTENDED NON-OFFICIAL
VISITS OVER THE WEEKEND FOLLOWING. ACCORDING TO
REISCH, THIS SATISFIES THE SWISS DESIRE FOR A WELL-
PREPARED MEETING (DRAFTING OF THE FORMAL COMMUNIQUE
IS TO BEGIN NEXT WEEK IN GENEVA) AND ACCOMMODATES THE
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FINNS BY LEAVING POLITICAL ISSUES OFF THE AGENDA.
EARLIER EC CONCERNS ALSO ARE SAID TO HAVE RELAXED
(EC BRUSSELS' 2223).

5. AGENDA. REISCH WAS LESS SPECIFIC CONCERNING AGENDA
ITEMS WHICH PROBABLY MEANS THAT ALL ARE NOT YET SORTED
OUT. THOSE THAT SEEM CERTAIN INCLUDE (A) THE RELAX-
ATION OF NON-TARIFF BARRIERS IN EFTA-EC TRADE; (B) COMMON
RULES OF ORIGIN; AND (C) TRANSITIONAL AGREEMENTS
WITH SPAIN, GREECE, TURKEY AND POSSIBLY YUGOSLAVIA.
INCLUSION OF YUGOSLAVIA DOES NOT IMPLY AN EXPECTED
MOVE TOWARD THE EC BUT ACCORDING TO REISCH) AN INTEREST
IN PROVIDING BELGRADE WITH SOME FORM OF COSMETIC
ATTACHMENT TO THE NON-EC EUROPEANS WHICH IS CONSIDERED
TO BE OF MUTUAL INTEREST. OTHER POSSIBLE AGENDA ITEMS
CITED, BUT NOT ELABORATED, INCLUDE CLOSER EFTA-EC
COOPERATION IN ENVIRONMENTAL, ENERGY AND TRANSPORT
MATTERS. IN ALL CASES THE SUMMIT OBJECTIVE WOULD SEEM
TO BE LIMITED TO IDENTIFYING THE AREA AS ONE MERITING
ATTENTION. ACTION WOULD THEN DEPEND ON THE INDIVIDUAL
EFTA COUNTRY PURSUING THIS WITH THE EC ON A SECTOR-
BY-SECTOR BASIS. IN THE CASE OF TRANSITIONAL
ARRANGEMENTS WITH THE MEDITERRANEAN COUNTRIES THE

THOUGHT IS TO COMBINE (READ, BARGAIN FOR) PROTECTION OF MARKET ACCESS WITH ECONOMIC ASSISTANCE TO THESE LOWER INCOME AREAS.

6. COMMENT. THE EFTA SUMMIT SEEMS UNLIKELY TO PRODUCE ANY IMMEDIATE CONCRETE RESULTS. REISCH EMPHASIZED THIS, STATING THAT EVEN THE AREA CLOSEST TO RESOLUTION (I.E. A MANDATE TO PROCEED WITH NEGOTIATION OF A TRANSITIONAL AGREEMENT WITH SPAIN) WAS NOT APT TO BE READY BY MA6. NONETHELESS, THE AUSTRIANS -- AND WE EXPECT SOME OTHERS -- WILL SEE IT AS A FEATHER IN KREISKY'S CAP, ENHANCING HIS PRESTIGE AS AN INTERNATIONAL FIGURE AND LEADER OF THE NON EC EUROPEAN CONFIDENTIAL

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NATIONS. MOREOVER, THE OCCURRENCE OF THE SUMMIT IN ITSELF SHOULD HELP TO MOLLIFY CERTAIN FUNDAMENTAL AUSTRIAN CONCERNS. THE DOMINANCE OF A 9 MEMBER EC -- AND THE ATTENTION PAID TO IT -- CONTRIBUTE TO A SENSE OF ISOLATION AND FRUSTRATION IN AUSTRIA WHICH IS EASED BY THE PUBLIC ARTICULATION OF COMMON INTERESTS WITH THE OTHER NON-MEMBERS. IN ADDITION, AUSTRIA HAS EXPERIENCED PROBLEMS IN ITS TRADE WITH THE EC (PRIMARILY AGRICULTURAL AND SEES TROUBLE AHEAD WITH THE ASSOCIATION OF THE MEDITERRANEAN COUNTRIES. IN SUCH A SITUATION ANY SUPPORT IS PREFERABLE TO GOING IT ALONE. FINALLY, THE UNSTRUCTURED EVENING SESSION WILL GIVE CHANCELLOR KREISKY THE OPPORTUNITY AND AUDIENCE HE LIKES SO WELL FOR ARTICULATING HIS WELTPOLITIK. ONE TOPIC THAT IS BOUND TO DRAW COMMENT WILL BE THE RECENTLY CONCLUDED LONDON ECONOMIC SUMMIT.BUCHANAN

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